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RICHARD W. BILLINGS
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JACQUES V. HOPKINS
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PROVIDENCE RHODE ISLAND 02903

(401) 274 2000

TELECOPIER
277 9600

RECORDATION NO. *W-27* FILE 145

SEP 13 1983 - 9 55 AM

INTERSTATE COMMERCE COMMISSION

September 9, 1983

3-256A070

No. SEP 13 1983

Date

Fee \$ 50.00

ICC Washington, D.C.

MARK A. DINGLEY
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COUNSEL

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SEP 13 9 50 AM '83
FEE OPERATION BR.
I C C

Office of the Secretary,
Interstate Commerce Commission
Washington, D. C. 20423

Dear Secretary:

I am enclosing one original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code.

The document is a Security Agreement between American Line, Inc. and Fleet National Bank, a primary document dated September 9, 1983.

The names and addresses of the parties to the document are as follows:

Secured Party:

Fleet National Bank
111 Westminster Street
Providence, R.I. 02903

Debtor:

American Line, Inc.
One Marine Park
Haddam, Conn. 06438

A description of the goods and inventory covered by the document is as follows:

(A) All of the Debtor's presently owned and hereafter acquired vessel "Savannah" (designated as Hull #32) being constructed by Chesapeake Shipbuilding, Inc., during all stages of construction and upon completion, and all goods and inventory acquired and to be acquired for incorporation into or use in conjunction with said vessel together with all proceeds thereof, additions and accessions thereto, replacements thereof or substitutions therefor;

(B) All of the Debtor's presently owned and hereafter acquired inventory acquired or used or consumed in connection with the vessel described in (A), including without limitation all inventory held for sale, lease or other disposal by the Debtor and all raw materials, work in process, finished goods and all materials used or consumed in the Debtor's business, together with all proceeds and products thereof, additions and accessions thereto or replacements thereof or substitutions therefor;

A fee of \$50.00 is enclosed. Please return the original document to me as follows:

Mark Barrett Heffner, Esq.
2200 Fleet National Bank Building
Providence, RI 02903

Very truly yours,



Mark Barrett Heffner
Attorney for Fleet National Bank

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Mark Barrett Heffner, Atty.
2200 Fleet Ntl. Bank Bldg.
Providence, RI 02903

September 13, 1983

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/13/83 at 9:55 AM, and assigned recordation number(s). W-27, & W-27-A

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. W-27
SEP 13 1983 - 9 52 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

The undersigned, AMERICAN LINE, INC., a Delaware corporation with a chief place of business and executive office located at One Marine Park, Haddam, Connecticut (hereinafter called "Debtor"), hereby grants to Fleet National Bank, a national banking association created under the laws of the United States of America with a place of business located at 111 Westminster Street, Providence, Rhode Island (hereinafter called "Secured Party"), a security interest in and agrees and acknowledges that Secured Party has and will continue to have a security interest in the following:

- (A) All of the Debtor's presently owned and hereafter acquired vessel "Savannah" (designated as Hull #32) being constructed by Chesapeake Shipbuilding, Inc., during all stages of construction and upon completion, and all goods acquired and to be acquired for incorporation into, or use on or in conjunction with said vessel together with all proceeds thereof, additions and accessions thereto, replacements thereof or substitutions therefor;
- (B) All of the Debtor's presently owned and hereafter acquired inventory acquired or used or consumed in connection with the vessel described in (A), including without limitation all inventory held for sale, lease or other disposal by the Debtor and all raw materials, work in process, finished goods and all materials used or consumed in the Debtor's business, together with all proceeds and products thereof, additions and accessions thereto or replacements thereof or substitutions therefor;

(all hereinafter sometimes collectively referred to as "Collateral"); to secure the payment of any and all indebtedness and liabilities whatsoever of the Debtor to Secured Party whether direct, indirect, absolute or contingent, due or to become due and whether

now existing or hereafter arising and howsoever evidenced or acquired, including without limitation all indebtedness and liabilities evidenced by promissory notes and checking account overdrafts and the Promissory Note of even date herewith in the principal amount of \$3,000,000 (hereinafter sometimes referred to as "obligation" or "obligations").

I. WARRANTIES AND COVENANTS

Debtor hereby warrants and covenants that:

A. The Collateral is used primarily for business purposes.

B. During construction, the Collateral will be located in Salisbury, Maryland. Debtor will promptly notify Secured Party of any change in such location while the Collateral is being constructed, except for sea trials.

C. Except for the security interest granted hereby, Debtor is the owner of presently owned Collateral and will be the owner of Collateral hereafter acquired free from any adverse lien, security interest or encumbrance, and Debtor will defend the Collateral against the claims and demands of all persons at any time claiming the same or any interest therein.

D. No financing statements signed by the Debtor and covering any Collateral or any proceeds thereof are on file in any public office, and at the request of Secured Party, Debtor will join with Secured Party in executing one or more (i) financing statements pursuant to the Uniform Commercial Code, and (ii) other documents

necessary or advisable to perfect the security interests evidenced hereby, all in form satisfactory to Secured Party and Debtor will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable.

E. Debtor will have and maintain insurance at all times with respect to all Collateral against risks of fire (including so-called extended coverage), theft, hull, P&I, pollution, war risk, breach of warranty of seaworthiness, and such other risks as Secured Party may require containing such terms, in such form, for such periods and written by such companies as may be satisfactory to Secured Party, such insurance to be payable to Secured Party and Debtor as their interests may appear; provided, however, that while the vessel Savannah is under construction and prior to sea trials the above insurance requirements may be satisfied by comprehensive general liability, hull, and builders risk (\$4.5 million minimum coverage); all policies of insurance shall provide for at least twenty days' written cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provision and Secured Party may act either in its name or as attorney for Debtor (for that purpose by these presents duly authorized and appointed with full power of substitution and revocation) in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts in payment of any loss.

F. Debtor will keep the Collateral free from any adverse lien, security interest or encumbrances.

G. Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any note or notes secured hereby; provided that the Debtor shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and there shall have been set aside on its books adequate reserves with respect to any such tax, assessments, charge, levy or claim, so contested; and provided, further that payment with respect to any such tax, assessment, charge, levy or claim shall be made before any property shall be seized and sold in satisfaction thereof.

II. ADDITIONAL RIGHTS OF THE PARTIES

A. The Secured Party may, at its election, discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, and in any event all such payments and expenses shall constitute an obligation hereunder.

B. Until an Event of Default Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent

with this agreement and not inconsistent with any policy of insurance thereon.

C. Debtor hereby irrevocably designates and appoints Secured Party its true and lawful attorney with full power of substitution to execute, deliver, and record in the name of the Debtor all financing statements, continuation statements, title certificate lien applications and other documents deemed by the Secured Party to be necessary or advisable to perfect or better perfect, or to continue the perfection of the security interests granted hereunder.

D. A carbon, photographic, or other reproduction of a security agreement or a financing statement is sufficient as a financing statement.

III. EVENTS OF DEFAULT

Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions (individually and collectively an "Event of Default"):

(a) Failure by Debtor to observe or perform any covenant or agreement referred to herein; and such default shall continue unremedied for twenty (20) days after written notice thereof by the Secured Party to the Debtor.

(b) Sale or transfer of any of the Collateral (except the charter of the Collateral to American Cruise Lines, Inc.); loss, theft, or substantial damage or destruction of any of the Collateral which is not fully and adequately insured against as hereinbefore provided.

In addition, this agreement is the Security Agreement referred to in, and is entitled to the benefit of, a Loan Agreement of even date between the Debtor and Secured Party, which Loan Agreement, among other things, contains provisions for the acceleration of the maturity of the obligations secured hereby upon the happening of certain stated events of default, which events of default shall be deemed Events of Default under this agreement.

IV. REMEDIES

A. If an Event of Default occurs:

(1) The Secured Party may declare all obligations secured hereby to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

(2) The Secured Party may exercise and shall have any and all rights and remedies accorded it by the Uniform Commercial Code. The Secured Party may require Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. The requirement of reasonable notice shall be met, if notice is mailed, postage prepaid, to Debtor or other person entitled thereto at least ten (10) days (including non-business days) before the time of sale or disposition of the Collateral. Debtor shall pay to the Secured Party on demand any and all expenses, including legal expenses and attorney's fees, incurred or paid by

the Secured Party in protecting or enforcing any rights of the Secured Party hereunder, including its right to take possession of the Collateral, storing and disposing of the same or in collecting the proceeds thereof.

B. Debtor understands and agrees the Secured Party may exercise its rights hereunder without affording Debtor an opportunity for a preseizure hearing before Secured Party, through judicial process or otherwise, takes possession of the Collateral upon the occurrence of an Event of Default, and Debtor expressly waives its constitutional right, if any, to such prior hearing.

C. No delay in accelerating the maturity of any obligation as aforesaid or in taking any other action with respect to any Event of Default or in exercising any rights with respect to the Collateral shall affect the rights of the Secured Party later to take such action with respect thereto, and no waiver as to one Event of Default shall affect rights as to any other default.

D. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind the successors or assigns of the Debtor. This agreement was executed and delivered in the State of Rhode Island and all the provisions hereof (except those relative to the exercise of Secured Party's remedies which, under the Uniform Commercial Code are governed by the law of some other jurisdiction) shall be construed by and administered in accordance with the local laws

of the State of Rhode Island. This agreement shall become effective when it is signed by Debtor. Debtor acknowledges receipt of a copy of this agreement.

E. This Agreement is exempt from the Maryland Recordation Tax, both state and county.

Signed in four original copies and delivered this 9th day of September, 1983.

FLEET NATIONAL BANK

By [Signature] VP

By Elizabeth E. Bursie VP

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

AMERICAN LINE, INC.

By [Signature]
Kue

In Providence on the 9th day of September, 1983, before me personally appeared the above named Charles A. Robertson, President of American Line, Inc., to me known and known by me to be the party executing the foregoing instrument on behalf of said corporation and acknowledged said instrument so executed to be his free act and deed in said capacity and the free act and deed of said corporation.

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

[Signature]
Notary Public
My Commission Expires
June 30, 1986

In Providence on the 9th day of September, 1983, before me personally appeared the above named Mary J. Warhurst and ELIZABETH E. BURSIE, Assistant Vice President and ASSISTANT VICE PRESIDENT, respectively of Fleet National Bank, to me known and known by me to be the parties executing the foregoing instrument on behalf of Fleet National Bank and acknowledged said instrument so executed to be their free act and deed in said capacities and the free act and deed of said Fleet National Bank.

[Signature]
Notary Public
My Commission Expires
June 30, 1986